

SEI INVESTMENTS CO
Form 11-K
June 21, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
For the transition period from _____ to _____
Commission file Number 0-10200

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
SEI Capital Accumulation Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
SEI Investments Company
1 Freedom Valley Drive
Oaks, Pennsylvania 19456

SEI Capital Accumulation Plan
Financial Statements and Supplemental Schedule
December 31, 2012 and 2011

SEI Capital Accumulation Plan
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Form 5500, Schedule H, Line 4(i)* – Schedule of Assets (Held at End of Year)	<u>12</u>

All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for
* Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted
because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
SEI Capital Accumulation Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of SEI Capital Accumulation Plan (the "Plan") at December 31, 2012 and 2011, and the changes in net assets available for benefits for the year ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Philadelphia, PA
June 21, 2013

SEI Capital Accumulation Plan
Statements of Net Assets Available for Benefits
December 31, 2012 and 2011

Assets	2012	2011
Investments		
Investments at fair value (Notes 3 and 4)	\$266,888,706	\$225,058,300
Receivables		
Employer contributions	13,291	—
Participant contributions	41,532	—
Notes receivable from participants	2,882,415	2,808,487
Due from broker for securities sold	20,326	230,952
Total receivables	2,957,564	3,039,439
Cash	—	397,838
Total assets	269,846,270	228,495,577
Liabilities		
Due to broker for securities purchased	20,326	628,790
Accrued expenses	—	10,050
Total liabilities	20,326	638,840
Net assets available for benefits at fair value	\$269,825,944	\$227,856,737
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(49,202	) 77,771
Net assets available for benefits	\$269,776,742	\$227,934,508

The accompanying notes are an integral part of these financial statements.

SEI Capital Accumulation Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2012

Additions to net assets attributed to:

Investment income	
Net appreciation in fair value of investments (Note 3)	\$32,109,462
Dividends	1,463,900
Total investment income	33,573,362

Interest income on notes receivable from participants	142,019
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Contributions

Participant	\$13,692,208
Employer	5,181,302
Total contributions	18,873,510
Total additions	52,588,891

Deductions from net assets attributable to:

Benefits paid to participants	10,735,117
Administrative expenses (Note 2)	11,540
Total deductions	10,746,657
Net increase	41,842,234

Net assets available for benefits:

Beginning of year	227,934,508
End of year	\$269,776,742

The accompanying notes are an integral part of these financial statements.

SEI Capital Accumulation Plan
Notes to the Financial Statements
December 31, 2012 and 2011

1. Plan Description

The following description of the SEI Capital Accumulation Plan (the “Plan”) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan’s provisions. Any conflict between the description of the Plan contained herein and the actual Plan document shall be resolved in favor of the Plan document.

General

The Plan is a defined contribution plan that was established effective January 1983 by the Board of Directors of SEI Investments Company (the “Company”). The Plan’s sponsor is the Company. The Company amended and restated the Plan effective January 1, 2012.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The Plan provides retirement benefits, including provisions for early retirement and disability benefits, as well as a tax-deferred savings feature.

Contributions

Generally, an employee will become eligible to join the Plan after the completion of his or her first hour of employment. However, certain employees are not eligible to become participants in the Plan. These employees include: union employees, unless the collective bargaining agreement provides for participation, non-resident aliens with no U.S. source income from the Company, leased employees, and employees classified as “interns” or “summer interns” by the Company. Individuals designated by their employer as independent contractors are also excluded from participation in the Plan.

Eligible employees hired on or after April 2, 2007 are automatically enrolled in the Plan. Any eligible employee with a date of hire before April 2, 2007 was not automatically enrolled, but rather is required to complete certain forms prior to participating in the Plan. Unless an affirmative investment election is made by the eligible employee under the Plan, contributions are invested in accordance with the default investment option under the Plan. The default investment option under the Plan is the SEI Target Date Collective Investment Fund closest to the year of the employee’s retirement age. At any time, the employee has the ability to 1) terminate the salary deferral contribution to the Plan, 2) modify the deferral percentage, or 3) modify the investment elections under the Plan, subject to certain restrictions. Contribution elections are generally effective as soon as administratively feasible after receipt of the employee’s instruction in accordance with the procedures established by the Plan administrator (the “Plan Administrator”).

Participants direct the investment of their contributions into various investment options offered by the Plan, which consist of registered investment companies, collective investment trusts and the common stock of the Company. Participants invest in the common stock of the Company through a unitized account consisting of common stock and shares of the SEI Daily Income Trust Prime Obligation Fund in order to maintain a level of liquidity. This unitized account is made available to participants as the SEI Company Stock Fund. A participant-directed brokerage account option is available to allow for investments in non-Company-sponsored registered investment companies. A participant may make tax-deferred contributions to the Plan up to the lesser of 50 percent of eligible compensation or \$17,000 for the calendar year 2012. Participant contributions are credited to the participant’s deferral account. In addition, participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions.

All Company contributions are discretionary and are made out of available profits of the Company. The Company’s matching contributions are credited to the participant’s matching contribution account. A participant is eligible to receive Company contributions at the point when the participant is eligible to contribute to the Plan. The Company’s

matching contributions to the Plan were \$5,181,302 for 2012.

The total amount of annual contributions by the participant, excluding catch-up contributions, and on behalf of the participant by the Company cannot exceed the lesser of \$50,000 or 100 percent of the participant's annual compensation. This dollar amount may be adjusted for cost-of-living increases.

As of January 1, 1995, participants may no longer make post-tax contributions into the Plan; however, they may withdraw previously contributed post-tax amounts at any time.

SEI Capital Accumulation Plan
Notes to the Financial Statements
December 31, 2012 and 2011

Participant Accounts

Each participant account is credited with the participant's contribution, the Company's matching contribution, and an allocation of the Plan's earnings (losses) thereon. The Company may also make a profit-sharing contribution that will be allocated among eligible participants in the same proportion that each participant's compensation bears to the aggregate compensation of all participants. These contributions will be credited to the participant's profit-sharing account. The Company made no profit-sharing contributions during 2012. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions to the Plan and all employer contributions credited to their accounts, plus any earnings (losses) thereon.

Payment of Benefits

Amounts in participants' accounts are distributed in the form of installments, a lump-sum amount, or a combination thereof to participants or their beneficiaries upon termination of employment, retirement, death or total disability. Employee contributions in a participant's deferral account may be withdrawn during employment after the employee reaches age 59-1/2 or upon showing immediate and substantial financial hardship.

Notes Receivable from Participants

Under the tax-deferral feature, a participant is eligible for a loan amount not to exceed the lesser of \$50,000 or 50 percent of the participant's account balance (excluding the voluntary contribution account balance) reduced by the highest outstanding loan balance from the Plan during the preceding 12 months. The minimum loan amount is \$1,000. The loans are secured by the balance in the participant's account and bear interest at rates ranging from 4.25 percent to 9.00 percent, which is generally at or above local prevailing rates as determined by the Plan Administrator. Terms of the loans range from one to five years, except for loans for the purchase of a primary residence, which can have terms of up to 30 years. As of December 31, 2012, the loans have maturity dates that range from 2013 to 2042. Principal and interest are paid ratably through monthly payroll deductions.

The Plan classifies participant loans as Notes receivable from participants in the Statements of Net Assets Available for Benefits and measures them at their unpaid principal balance plus any accrued but unpaid interest.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. As described in the accounting guidance issued by the Financial Accounting Standards Board ("FASB"), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a collective investment trust. As required by the accounting guidance, the Statements of Net Assets Available for Benefits present the fair value of the investment in the collective investment trust as well as the adjustment of the investment in the collective investment trust from fair value to contract value relating to the investment contracts at December 31, 2012 and 2011. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value (see Note 4). Shares of registered investment companies are reported at their stated net asset value ("NAV") per share. Shares of collective investment trusts are valued based upon the NAV of units

SEI Capital Accumulation Plan
Notes to the Financial Statements
December 31, 2012 and 2011

owned. Common stock of the Company is valued at market value. The Plan holds shares of a collective investment trust that has investments in fully benefit-responsive investment contracts. For purposes of the Statement of Net Assets Available for Benefits, this collective investment trust is stated at fair value. As provided in the applicable accounting guidance, an investment contract is generally required to be reported at fair value, rather than contract value, to the extent it is fully benefit-responsive.

Purchases and sales of securities are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date. Dividends earned are reinvested into additional shares of the respective fund. Interest income is accrued as earned.

The Plan presents, in the accompanying Statement of Changes in Net Assets Available for Benefits, the net appreciation or depreciation in the fair value of its investments, which consists of realized gains and losses, and the change in the unrealized appreciation or depreciation of those investments during the Plan year.

Expenses of the Plan

All administrative costs of the Plan, with the exception of loan fees and fees related to investments in the participant-directed brokerage account paid directly from the accounts of the applicable participants, are paid by the Company.

Payment of Benefits

Benefits are recorded when paid.

New Accounting Pronouncements

In May 2011, the FASB issued ASU 2011-04 Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS ("ASU 2011-4"). ASU 2011-4 is intended to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS. The amendments are of two types: (i) those that clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements and (ii) those that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The update became effective for annual periods beginning after December 15, 2011. The adoption of ASU 2011-04 did not have a material effect on the Plan's financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

3. Investments

The fair market values of individual assets that represent five percent or more of the Plan's net assets available for benefits as of December 31, 2012 and 2011 are as follows:

	2012
PIMCO Stable Income Fund	\$16,435,250
SEI Target Date Collective Trust – Target Date 2025	14,940,904
SEI Target Date Collective Trust – Target Date 2030	16,824,531
SEI Core Strategies Collective Trust – SEI Large Cap Fund	55,730,452
SEI Core Strategies Collective Trust – SEI Small Cap Fund	27,913,457
SEI Core Strategies Collective Trust – SEI World Equity ex-US Fund	21,275,870
SEI Investments Company Common Stock	18,499,564

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	2011
SEI Stable Asset Fund	\$ 16,639,548
SEI Target Date Collective Trust – Target Date 2025	13,378,816
SEI Target Date Collective Trust – Target Date 2030	13,388,145
SEI Core Strategies Collective Trust – SEI Large Cap Fund	47,927,611
SEI Core Strategies Collective Trust – SEI Small Cap Fund	25,051,496
SEI Core Strategies Collective Trust – SEI World Equity ex-US Fund	17,689,312
SEI Core Strategies Collective Trust – SEI Core Fixed Income Fund	11,512,848
SEI Investments Company Common Stock	14,916,368

During 2012, the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated in value as follows:

	Appreciation
Collective investment trusts	\$ 25,264,842
Registered investment companies	1,771,348
Common stock of the Company	5,073,272
Net appreciation in fair value of investments	\$ 32,109,462

4. Fair Value Measurements

The fair value of the Plan's investments are determined in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair value measurement level of the investment within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Registered investment companies

The registered investment companies are primarily valued at NAV in an exchange and active market, which represents the net asset values of shares held by the Plan at year-end. All of the Plan's investments in registered investment companies at December 31, 2012 are classified as Level 1 investments. At December 31, 2011, the Plan's investments in registered investment companies were classified as Level 1 investments with the exception of the SEI Institutional Managed Trust High Yield Bond Fund ("SIMT HYBF"). The Plan's investment in the SIMT HYBF at December 31, 2011 was valued based upon the NAV of units owned by the Plan at year-end in a unitized account and was classified as a Level 2 investment.

Collective investment trusts

Collective investment trusts are composed of non-benefit-responsive investment funds that invest in open-end mutual funds and collective investment trusts that have investments in fully benefit-responsive investment contracts. The Plan's investments in the non-benefit-responsive investment funds are valued based upon the NAV of units owned by the Plan at year-end. The fair value of the Plan's investments is based on the NAVs of the underlying open-end mutual funds. The fair value of the Plan's interest in the collective investment trusts that have investments in fully

benefit-responsive investment contracts is determined using the market price of the underlying securities and the value of the investment contracts. The Plan's interest in these collective investment trusts is valued based on information reported by the investment advisor using the audited financial statements of the common collective trust at year-end. The Plan's investments in collective investment trusts are classified as Level 2 investments.

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Common stock

The Plan's investment in common stock of the Company is held in a unitized account made available to participants as the SEI Company Stock Fund and is stated at fair value as quoted on a recognized securities exchange. The Company's common stock is valued at the last reported sales price on the last business day of the Plan year. The Plan's investment in common stock is classified as a Level 1 investment.

The Plan had no investments classified as Level 3 investments at December 31, 2012 or 2011. On September 28, 2012, the Plan began to value the investment in the SIMT HYBF at NAV in an exchange and active market and no longer valued the investment utilizing the NAV of units owned in a unitized account. As a result, the market value of the Plan's investment in SIMT HYBF of \$6,729,106 was transferred from Level 2 to Level 1. There were no transfers of investments between levels within the fair value hierarchy during 2011.

The measurement methods as described above may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Except as previously noted, there have been no changes in the methodologies used as of December 31, 2012.

As of December 31, 2012, the Plan's investments measured at fair value on a recurring basis were as follows:

Investments	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Registered investment companies:			
Fixed income funds	\$ 14,311,166	\$ 14,311,166	\$—
Equity funds	5,640,250	5,640,250	—
Money market funds	874,314	874,314	—
Participant-directed brokerage account (1)	4,936,945	4,936,945	—
Collective investment trusts	222,626,467	—	222,626,467
Common stock of the Company	18,499,564	18,499,564	—
Total Investments	\$ 266,888,706	\$ 44,262,239	\$ 222,626,467

(1) Underlying investments in the participant-directed brokerage account relate to registered investment company mutual funds.

As of December 31, 2011, the Plan's investments measured at fair value on a recurring basis were as follows:

Investments	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Registered investment companies:			
Fixed income funds	\$ 10,849,976	\$ 5,510,842	\$ 5,339,134
Equity funds	3,653,343	3,653,343	—
Money market funds	1,682,017	1,682,017	—
Participant-directed brokerage account (1)	2,978,494	2,978,494	—
Collective investment trusts	190,978,102	—	190,978,102

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Common stock of the Company	14,916,368	14,916,368	—
Total Investments	\$225,058,300	\$28,741,064	\$196,317,236
(1) Underlying investments in the participant-directed brokerage account relate to registered investment company mutual funds.			

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Notes to the Financial Statements
December 31, 2012 and 2011

In accordance with the guidance for fair value measurements in certain entities that calculate NAV per unit, the following table summarizes the Plan's investments as of December 31, 2012 measured at fair value based on NAV per unit:

Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
PIMCO Stable Income Fund	\$ 16,435,250	N/A	Daily	N/A
SEI Core Strategies Collective Trust				
SEI Core Fixed Income Fund	13,005,503	N/A	Daily	N/A
SEI Large Cap Fund	55,730,452	N/A	Daily	N/A
SEI Small Cap Fund	27,913,457	N/A	Daily	N/A
SEI World Equity ex-US Fund	21,275,870	N/A	Daily	N/A
SEI Target Date Collective Trust				
SEI Retirement Income Fund	1,682,720	N/A	Daily	N/A
SEI Target Date 2010 Fund	3,254,807	N/A	Daily	N/A
SEI Target Date 2015 Fund	6,330,019	N/A	Daily	N/A
SEI Target Date 2020 Fund	10,597,874	N/A	Daily	N/A
SEI Target Date 2025 Fund	14,940,904	N/A	Daily	N/A
SEI Target Date 2030 Fund	16,824,531	N/A	Daily	N/A
SEI Target Date 2035 Fund	13,166,686	N/A	Daily	N/A
SEI Target Date 2040 Fund	10,019,312	N/A	Daily	N/A
SEI Target Date 2045 Fund	5,606,486	N/A	Daily	N/A
SEI Target Date 2050 Fund	5,842,596	N/A	Daily	N/A
Total Investments	\$ 222,626,467			

As of December 31, 2011, the Plan's investments measured at fair value based on NAV per unit were as follows:

Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
SEI Stable Asset Fund	\$ 16,639,548	N/A	Daily	N/A
SEI Core Strategies Collective Trust				
SEI Core Fixed Income Fund	11,512,848	N/A	Daily	N/A
SEI Large Cap Fund	47,927,611	N/A	Daily	N/A
SEI Small Cap Fund	25,051,496	N/A	Daily	N/A
SEI World Equity ex-US Fund	17,689,312	N/A	Daily	N/A
SEI Target Date Collective Trust				
SEI Retirement Income Fund	1,224,341	N/A	Daily	N/A
SEI Target Date 2010 Fund	3,241,745	N/A	Daily	N/A
SEI Target Date 2015 Fund	5,581,031	N/A	Daily	N/A
SEI Target Date 2020 Fund	9,401,214	N/A	Daily	N/A
SEI Target Date 2025 Fund	13,378,816	N/A	Daily	N/A
SEI Target Date 2030 Fund	13,388,145	N/A	Daily	N/A
SEI Target Date 2035 Fund	9,763,891	N/A		